Doing more with less – the treasurer's lot

Corporate treasury bears the brunt of regulatory and technological change, and those changes are accelerating. At the same time, demands for performance increase, and it's the banks who have to deliver

JL, J&W It seems that whenever I meet bankers and treasurers, the one consistent theme is the increased pressures on treasury and the consequent increase in their demands from the banks. Is that still the core driver in this area?

OL, Unilever Yes. We have to do more with less in general. The centralization of cash management is a direct result of that trend. We leave fewer treasury activities in the countries themselves and we're centralizing in regional treasury centres.

MS, Dyson We see a lot of pressure because Dyson's growing. We're going into more countries, and more difficult countries, which makes it increasingly complicated. Resources certainly don't keep up with the level of business, so there is a lot of pressure to do more, more efficiently.

AH, Virgin We are experiencing an expansion in our traditional roles mainly from the reporting and governance standpoint. We're also becoming more like business partners, who really need to understand the dynamics of the business. For example, we've just taken on corporate credit cards, so we're working in cross-functional groups to understand and deliver added value products and services.

DJ, Shell Our focus is on core treasury activities, so we're not involved in a lot of these additional areas, such as invoicing, cards. We will advise the business on the bank relationships, contracts and pricing, but we can't add much value to the process. We focus on providing the framework within which our businesses can operate in the banking environment and we manage the risks that apply there.

JL, J&W So you're having to do more with less, yet you've more responsibilities. What new services do you want from banks?

AH, Virgin Connectivity is important for us. We are currently running several separate EBS platforms, which is inefficient. How best can we move to one EBS platform, but at the same time receive the same or improved level of visibility and reporting from all of our banks through a single pipe?

NS, Citigroup Corporate business models are becoming global – production and distribution is being spread across more countries. Our most important objective is to provide visibility, control and risk management capabilities around your customers' cash flows across the world. Global business models require centralized control, delivered through integrated technology and systems.

MS, Dyson Being joined up across countries is important. For example, if we make a product in Malaysia which we then sell to a UK company and then through our Canadian company to a customer in Canada, for us that's one product movement. It makes a value-added proposition from the bank if they can also see that as one continuum and not just as discrete transactions.

BI, ING If the banks don't think across product lines they can lose sight of what the client really wants. But that same client forces us to think in products and silos, because if we don't, we can't gain the efficiency and pricing that big corporates expect. Clients want the best of both worlds, and that's the challenge.

DC, ABN Amro I see a polarization of commodity and consultancy-type services across the supply chain. Banks must try to marry the two in a way that adds value for the corporates.

JL, J&W What's the best way to achieve an effective international cash management solution?

MC, Deutsche Bank The partner-bank proposition has been through its ups and downs, but we've now reached a stage where people acknowledge its benefits. Deutsche Bank is a big provider of partner bank services to other banks, but we're also a user of other partners. The key is what the corporate needs from you as

Executive summary

- Increased pressures on corporate treasuries such as centralization of activities are leading to increased demands on banks
- Globalization of corporates in production and distribution require systems that enable centralized control
- Robust partner-bank arrangements are needed to facilitate such things as rapid movements of liquidity
- Sound receivables management demands efficient collection points, efficient information flow and efficient use of funds once collected
- Provisions need to be made to improve the efficiency of working capital arrangements
- Arrangements such as the EU's Single European Payment Area will bring enhanced efficiency

Participants

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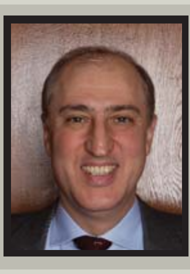

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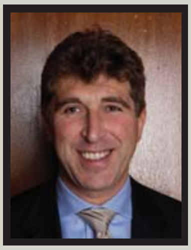

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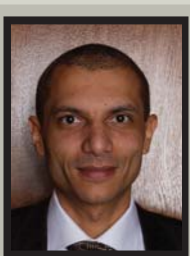

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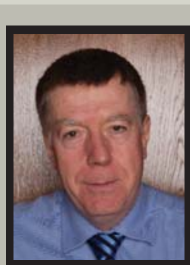

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Martyn Smith (MS) is director of tax & treasury at Dyson group. Dyson is a privately owned group, with turnover approaching $1 billion. Based in Malmesbury, UK, it designs and sells vacuum cleaners around the world, with operations in 18 countries.

Naveed Sultan (NS) is the cash management and treasury services head for Citigroup's global transaction services for EMEA. He is responsible for the provision of cash management and treasury solutions to a broad range of customers including multinational corporations, top local companies and financial institutions.

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ABN·AMRO citigroup corporate and investment banking Deutsche Bank HSBC The world's local bank ING WHOLESALE BANKING

an institution and what it needs from the partner bank. It could be liquidity, in which case you need very close, robust partner-bank arrangements to be able to move liquidity quickly on the same day. It could be collection points, it could be around local needs. Where it's 10% of the total solution, then a partner-bank proposition may work.

BI, ING ING stated that banks should not impose their own structures on their clients, but listen to clients to create a workable structure. This can be their own network, but can also entail other banks. If you have your own network with which you can serve the corporate, that's fine. But if you have to cover countries beyond that or in a country in which the corporate prefers to use another bank, then you must find a solution with this partner bank, but in a way that avoids making things more complex for the corporate. The bank has to have an open attitude as well as open infrastructure and architecture. You have to listen to your client first and then develop or build a solution.

DC, ABN Amro Yes, I would echo that. The partner-bank approach gives you single-channel access. It allows centralized cash-pool structures, harmonized pricing and centralized billing capabilities. True value, though, comes through building a long-lasting relationship. When there's corporate access to Swift, it's logical that you do that with your partner bank. It's easy to integrate M&A activities into this structure. It gives corporates that flexibility, and the banks also benefit from the higher throughput.

PH, HSBC We also use partners, but market evolution and technology are overcoming this model quite quickly. There's not enough value in the chain for all the partners collaborating toward a solution for the corporate. With technology, the corporate could do a lot of this stuff directly themselves and be a real priority customer at that end destination, instead of going through the chain.

NS, Citigroup We've got to broaden the definition of partnership beyond the banks. Any business entity, be it a bank or a non-bank, can help you deliver value to the client. Say you want to position yourself in a domestic market, you have pretty good value added services but your cost efficiency is not good enough. So you outsource your processing to the best provider in the country, which may or may not be a bank. Couple this cost efficiency with your value-added services as a package and you can compete with strong domestic players. Along the financial supply chain, we've got to decide which of the components are where we have expertise and depth of capabilities, and which components we can acquire from somebody else. Banks are becoming more cooperative because it makes competitive and market sense.

> We should distinguish between multi-bank arrangements and true partner bank arrangements – the latter are better
>
> Darsh Johal, Shell

AH, Virgin Where the bank doesn't have a physical presence, the corporate should still be able to receive a similar level of service, product provision and reporting information, as they would expect from their global bank. I'm not sure we're there yet.

MS, Dyson We've twice used that kind of partner-bank arrangement successfully, once where the partner element has been quite substantial and once where it's been a small fill-in. Both of those worked very well. But we've also experienced situations where in theory there was a partner-bank arrangement, but it clearly wasn't used very much, and didn't work effectively. It's not that partner-bank arrangements are good or bad per se; they're as good as the service they deliver.

DJ, Shell We should distinguish between multi-bank arrangements and true partner-bank arrangements, because the former won't give you the same service level or quality as the latter. We use the primary bank concept. On a regional basis we expect the primary bank to partner with other banks to provide those services they cannot provide themselves to the right business functionality. But that partnering must be seamless, so contract management, service management, pricing and technology is fully integrated to the extent that Shell only deals with the primary bank.

PH, HSBC More and more corporates wish to deal with primary doers and eliminate the middleman. As the world's local bank, our philosophy is to be the primary doer in the country. There's a stage and age at which partners are the right solution and still do bring a lot of value, but as a scale game the primary doers have the advantage.

AH, Virgin I'm not sure there is a bank able to offer global facilities. We're implementing a change in our global cash management position and, like my colleagues at Shell and Unilever, we're having to use different banks to meet our requirements. Banks are limited by footprint and the extent to which they can implement effective partnerships. We're not that big, but we find that they cannot yet deliver the services we need globally.



BI, ING It is very important to find a seamless solution, as we have built with SE Banken. But you can't impose your solution on the corporate. So if a big Scandinavian corporate client wants to bank with Nordea, then within this alliance we must have the possibility of teaming up with Nordea.
NS, Citigroup Citigroup is repositioning its franchise in western Europe. In the UK we have set up a partnership with Lloyds TSB, to bundle those domestic capabilities with our regional and global capabilities to provide a comprehensive solution. Similarly, we've made an alliance with Voca in UK: they are the aggregators of remittances flows and we have given them our global remittances platform. They originate remittances flows and at the aggregation point we pick up those flows and distribute them in the destination countries, leveraging our global network. I think it creates a win/win situation.

Receivables management

JL, J&W What are the opportunities and issues in receivables management?
MC, Deutsche Bank There are three basic concerns; efficient collection points, efficient information flow, and efficient use of the funds once they're collected. So, whoever has the best solution for those three things in a package wins. However, logistically, it's very complex. We expect the real efficiency gain to be in the information flow. It is sad to say, in this internet age, that we still can't manage to attach references to fields in a global banking environment and make sure they run all the way from the beginning to the end of a financial chain and then get fully integrated back in the back office. Working capital has got better over the past few years so there is improvement and the efficiency of collection points will improve under Sepa [the Single European Payments Area]. But, it's still not clear to me whether there will be one common standard for that information flow.
MS, Dyson We're going through a global SAP implementation at the moment. Once we've got that in place we'll test the banks' capabilities and push forward what we're doing, but we're not ready yet.
OL, Unilever Unilever is more or less in the same situation. We are centralizing our account payable and receivable activity and merging the different systems, but it's early days.
DJ, Shell Talking to our process owner for order-to-cash, his concern is managing receivables and allocation within the accounts receivable system. There are already solutions in place today and it comes down to your own practices and what you want to promote. For example, direct debit takes away most of this problem immediately. So we're promoting direct debit across our entire customer base although we recognize this will not be achieved overnight. There are banks in Scandinavia that already provide integrated solutions where you can link the reference and the information to achieve full reconciliation. So why can't other banks within Europe do that?
PH, HSBC Receivables management is now about dematerialization of the invoice, and moving people to more efficient payment systems. We have developed a number of products for automated invoice processing, even when they arrive in paper. The present and the future is all about this process. We need to kill off cash. It's within our grasp to automate these things. Things like modal payments on cards are taking off very rapidly, even open account and its impact on documentary credits is happening now. I think Sepa and the growth of the web in parallel will facilitate a lot of this.
NS, Citigroup If e-invoicing is dematerialized, there is an estimated saving in the system of up to $100 billion. It hasn't taken off yet because of different legal jurisdictions and tax regulation from country to country, and most of the offerings in the past have been very difficult to implement. But with Sepa's momentum and focus on financial supply chain integration, sooner or later a someone will come up with a practical offering. It is then a question of how the banks will roll that into their products to offer an integrated solution.
DC, ABN Amro You could link it to your accounts receivable finance programmes. So you finance, you collect the money, you provide the reconciliation, and whether you do it yourself as a bank or whether you use a partner with an IT solution, it's just an execution mechanism. So instead of having separate finance programmes and moving the money around from one bank to another, and doing the reconciliation based on third-party data, you provide everything in one place. That would benefit both the corporates and the banks.
JL, J&W What can banks and corporate do to improve the efficiency of their working capital management?
DC, ABN Amro The DSO, DPO [days sales outstanding, days payable outstanding] data published back in September showed that companies made no progress in Europe last year. The low-hanging fruit has already been taken in terms of the efficiency of managing those flows. So what's next? That is more complex, because it goes deeper into the willingness of the company to re-engineer their processes and/or supply chain structures.
MC, Deutsche Bank The next stage is how to get more information through the chain to be able to anticipate what funds are going to arrive and therefore better predict how to use that working capital.



PH, HSBC One way to do it is to bank at all ends of the chain. That is the nature of consolidation in banking, and it's one of HSBC's core strategic philosophies. We bank a significant proportion of middle market commercial clients and also have a global retail brand. The more segments within this chain you bank, the easier it is to integrate that into a supply chain.
MS, Dyson What the banks can do for us on receivables management is pretty marginal. in practice, the single most important factor that determines speed of payment is that the lorry driver who delivers the goods gets proof of delivery. We need to keep the banks' role in perspective. In the great scheme of working capital management there's a limit to what the banks can do, because there are many other more significant factors at work.
NS, Citigroup In certain situations, there could be need for supplier finance and distributor finance for your buyers and sellers and if a bank is banking both ends of the transaction that's where solutions can be structured both from cash and trade standpoints to improve your working capital management. Where you need trade solutions in addition to cash solutions, we can help you by providing integrated solutions.
AH, Virgin For us receivables management is less of a problem. In our industry, Iata helps in terms of collecting those funds for us. Clearly there are bits and pieces outside that but there is not much the banks can do to help us manage that process. Once we get the funds to bank, the question is how quickly we get visibility, and how quickly we can use those funds – that's where the bank can become more helpful.
DJ, Shell Managing DSO/DPO is really a corporate issue in how you establish the relationship with your trading partners. Get the credit terms, invoicing, pricing and settlement right and that's your solution.
AH, Virgin In general, to gain value you need a larger wholesale arrangement.
DC, ABN Amro You get that aggregation in the automobile industry. You help get the payments into the account earlier, or you hope that payments out are debited later and so you increase your working capital management efficiency. But it depends on what levers are held between suppliers and clients.
PH, HSBC It helps when your banker is also banking the supplier and is willing to take the risk. That's a major point of distinction, particularly in more difficult markets.
DC, ABN Amro I think the future is in the packaging and the combination of the two. Banks provide value added in absorbing risk, providing liquidity, execution and settlement services, all with online real time information.

The Single European Payment Area

JL, J&W What will be the impact of Sepa when it's mature and stable and the payment systems are working? What is your vision and how will it change the business modelling in Europe?
DC, ABN Amro We want to make Europe an easier and better place to do business. Today 85% of electronic payments are already done in a Sepa-like format. The big change in terms of Sepa is not on the payment side. Every payment ends up in a receivable, and that's where the Sepa vision can bring further efficiencies to the corporates' back office through improved fund availability management, standard collection and clearing cycles, automated reconciliation and reporting. All this is dependent on the use of a single euro account. The biggest challenge corporates have is in the reconciliation of their receivables, and I think this is a step in that direction.
PH, HSBC I think Sepa goes well beyond having banking implications. It's a fundamental move in the direction of a more integrated Europe, where there's no real distinction between states. The origin of Sepa was in banking formats and interoperability across countries. Seven years ago Europe got one currency but it is still a series of separate countries. The infrastructure is separate and customers treat the markets quite separately. Sepa is trying to create a standard market, one large-scale environment, and there will be wide-ranging implications. Who will participants view as their customers and how will they view their market? The banking element is only one small part of it.
NS, Citigroup Looking at today's statistics, payment system inefficiencies in euroland consume about 2,5% to 3% of GDP, compared with 1% in more efficient markets. Getting to 1%, would release about $200 billion of efficiencies. So you've got to view Sepa in a much broader strategic context than just being in compliance from a payment standpoint. The corporates and financial institutions have a unique opportunity to rethink their operating and business models, and achieve not only yield on the investment in becoming compliant, but also create a competitive advantage over the long term.
DJ, Shell So far our focus has been around Iban [International Bank Account Number} compliance. We will focus more on the overall impact of Sepa next year. It's difficult for the banks to articulate because it's still evolving. You have to have a business case to justify any investment in making changes, and we just don't know enough about it at present.
BI, ING With Sepa we're starting to harmonize something that is at the end of every economic transaction. First you buy, then you sell, finally you get paid, and this is now taken care of by Europe. But the fiscal differences that continue to exist between

countries have not yet been taken care of, and that will potentially limit the success of Sepa. And to put things into perspective, Sepa will only improve 1% of transactions, because only 1% of payments in Europe are cross-border.

MC, Deutsche Bank Only 1% is cross-border because we lock some of these consumer-to-business transactions in-country now. With Sepa they become outside the in-country environment. So the percentage automatically increases because facilities are there and available. I agree with Darsh that next year you'll see some acceleration. Most banks have been building systems for Sepa for the last year, so gradually they will achieve more clarity of thinking about it, leading to more understanding within the corporates as to how best to utilize it. The infrastructure is being built now, the banks are building the connections to that infrastructure, and the next phase is the usage in the market. So companies should be thinking hard about how to reach more consumers more easily through this new pathway.

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> Naveed Sultan, Citigroup

NS, Citigroup You will not be able to realize the end goal in one go. You need a strategy. You need to decide what you want to achieve over the next five to seven years in terms of financial supply chain integration, and start putting the building blocks in place now. The Association of Corporate Treasurers has launched an initiative called Corporate Action on Standards (Cast), to bring in e-invoicing, e-reconciliation into Sepa framework, on the premise that Sepa does not go far enough. So corporates need to start thinking how they leverage the foundation of Sepa to get greater financial supply chain integration.

PH, HSBC Absolutely, you can't let this slip by saying that this is a large corporate affair. This affects all levels in the economy, including personal flows and middle market flows. It's a complete change to the environment.

JL, J&W The two entrepreneurial corporates in the room have not said anything. Martyn?

MS, Dyson I think it's being over-hyped. I look after tax and treasury. From the treasury point of view, yes, Sepa might put us in a fantastic position, but it won't change our fiscal position. There are enormous obstacles with VAT and regulatory issues when transacting cross-border. We are a long way from finding it effective to trade as a single European legal entity with a single Sepa-compliant bank account. So for corporates to get the real benefit from Sepa, things like tax and regulation have to catch up, and I don't think that's going to happen any time soon.

AH, Virgin You need a business case. You need to prepare the cost/benefit analysis and get it passed. We're not in that position, and I'm surprised if the bankers think that many corporates are in that position yet. I believe most corporates think they'll deal with it when they can see real tangible benefits.

DC, ABN Amro Well I can understand that reaction, because if you want to build a business case for IT or process improvement investments you need facts and figures, and they are not available yet. We expect to have a final version of the PSD available by the end of this year. It will take all of 2007 to get it ratified in the various national legislations, and then we will have more data with which to figure out together what detailed services will be provided.

JL, J&W What value added services in Sepa would your companies like and what would make a difference to you?

MS, Dyson It would make a difference to us if the payment came in with more data attached to it and if it could therefore clearly be attributed to one of our European legal entities. This is because under current fiscal and regulatory conditions it is not practicable for us to trade through just one legal entity across Europe. If it tells me what invoice it's paying, it's even more attractive. The more data that comes with it the more useful it is.

OL, Unilever Banks could play a big role in helping us get rid of legacy instruments, especially on the receivables. Managing that transition will be a big challenge.

NS, Citigroup The banks are also facing the strategic choice of whether they want to be buyers of Sepa services or sellers of Sepa services. Most of these products conceptually will become commodities. From an investment standpoint, you will have competing priorities such as customer-facing projects, regulatory and compliance projects, infrastructure investments and product manufacturing. Banks will have to decide how to distribute their investment funds. So based on your strategy to play in the cash management space, you need to choose between investing in re-wiring your own system to be compliant with Sepa or buying it from another bank. So we believe there will be a bifurcation in the banks between the distributors and manufacturers of products. Those who choose to provide the services need to evolve towards more value added services, like e-

invoicing, e-reconciliation, better provision of information and more innovative solutions around the working capital cycle, so that they deliver greater value to the clients and can also make up for the loss of revenues in the basic payment services.

DJ, Shell The banks talk about loss of revenue, but I've seen a report suggesting the payments volume is going to double in the next three to five years as we see more transactions, and more public authority organizations moving from cash and cheque to electronic instruments. If the size of the pie is going to double, the banks have got to make the most of the investment in the infrastructure, because the unit cost will come down. The corporates will be reluctant to pay more for any of those services unless there's a real value added benefit. Revenues are coming down, but the opportunity seems to be increasing.

DC, ABN Amro Roughly 70% of settlements in Europe today are still done in cash but a large part of that is expected to move either into card settlement or into electronic banking. So that volume will certainly increase. But again the trend is towards all settlements within the euro zone being considered domestic settlements. The pricing and the cost benefits of domestic settlements are not very favourable for the banks. This will benefit the corporates because it will minimize the cash held in inventory and in the account receivables.

PH, HSBC Sepa is a regulatory-inspired change in the environment. One area of uncertainty is that the markets will open much more broadly to many non-bank providers of value added services that don't have the investment and compliance requirements to become Sepa-compliant. It's a fundamental change in the marketplace.

Open standards

JL, J&W In the changing operating environment, there's an obvious commitment to increased open standards. Darsh, why is Shell pushing for this?

DJ, Shell As a global organization with a footprint in over 120 countries, we've been striving for standardization across our cash management and treasury activities for several years, and we have been driving the Twist initiative. There is no true global standard today. There is Idoc, t Edifact, and EDI in the US. There has been a big push towards XML, and that's the format you'd invest in if you were starting out today. The timing is very good too. Because of the work going on across Swift with SAP, and with Sepa coming up, these standards are now being more defined and becoming more near term.

JL, J&W How do banks see the standards environment, by 2010? What will have changed by the time Sepa goes live?

NS, Citigroup Swift access is the right step. Standards have to move into a collaborative space so we as banks compete around value generated based on those common standards. The efficiencies we gain by not having to invest in proprietary interfaces can be invested in creating more value for our clients. Sepa will provide an impetus towards achieving that.

JL, J&W There are political issues with Swift becoming a collaborative space rather than a bank-driven space, because there's still a feeling that the corporates aren't being supported enough.

NS, Citigroup It has to evolve. There will be some early adopters. It will gain its own momentum. The logical outcome of corporate access is greater interaction between financial institutions and corporates, and this will facilitate greater financial supply chain integration.

MC, Deutsche Bank Swift Corporate Access provides a logistic management tool which works for large processes and for large corporates, but does corporate access to Swift look attractive as you go down in size? Proprietary systems have been enriched functionally depending on corporate need. Most banks' systems have been adjusted to cope with many slightly different versions of an iDoc file, for example. We've reached a stage where those proprietary systems are no longer the right channel for the high logistic need. But it will be a long time before all banks see all of their incoming messaging through Swift. It'll still come through proprietary channels where customers value the enhanced functionality. So then the needs of that system may deal towards a different size of corporate. The move towards the XML standard is wholly right but it's a long-term evolution. There has to be a good business case and benefit on the back of that to enable a corporate to make the system changes to move to XML. No one will change just to get to a new standard. If everybody was new to the market day one, then we'd all go to XML. The real question is, how long will these legacy systems stay in place? I still see a mix of proprietary and open standards in three to five years' time.

BI, ING I think Sepa will at last offer a sufficiently large platform to justify that sort of investment. Edifact, for instance, never really worked, because it lacked critical mass. With Sepa you have a platform where standardization is needed and it becomes possible and justifiable for a bank to invest in initiatives like Twist and RosettaNet.

DC, ABN Amro You need to have excellent standards to make everything else run, and with banking services you can have many variations, many features that help or address many different aspects of the supply chain. The expanding corporate participation model that Swift is running with Score is a step in the right direction. But I agree with Maurice. It is not replacing the existing proprietary access in the SME or medium-sized corporate market, so there will be two models.

OL, Unilever I'm not that interested in standards, to be honest. I just want my processes to be as simple as possible. Full standardization is quite a far-fetched longer-term objective and I'm not sure we'll get there. So first we are focusing on simplifying our underlying structure, reducing the number of banks and of payment types we use globally.

MS, Dyson I agree that the standards themselves are just a means to an end. We can probably achieve much more by simplifying the way we do things, rather than focusing on the technicalities of the standards. The corporates at the larger end of the scale may want standardized systems but the banks will to have to cater for both ends of the market.

AH, Virgin We shouldn't have standards for the sake of standards. It's about costs and efficiency. If there's a clear standard, and that's what you need to integrate with, then that's it. You can almost go to a plug-and-play position. If I'm not happy with this bank, I can change without worrying about connectivity and different standards.

The future

JL, J&W In conclusion, let's look ahead five years. What will be the impact of the new business models on ICM?

PH, HSBC We'll see a big change in how banks serve a widening supply chain from end to end on a global basis. The changing business model will mean that banks make profit in a different way. Falling prices don't necessarily mean falling profitability. Corporates want us to consolidate, and processing becomes one area of expertise where scale rules and value-added becomes an area of focus where technology and the web come into play.

MC, Deutsche Bank We'd like the integration of the payment environment across Europe to mature. I'd also like to see some of the peripheral regulation around Europe much more concretely set. It would be great if we could shrink-wrap documentation on our products the way Microsoft does. The shake out in the banking industry won't be complete but there'll be a lot more clarity around who the major payments providers will be. And the markets emerging now – Brazil, Russia, India, China – will have integrated into the payments environment so it will be much simpler to do straight-through business in those countries.

DC, ABN Amro I see the focus as joining the financial supply chain with the physical supply chain to drive efficiency and reduce cost. As we speak, we are launching a trade services utility that, through Swiftnet, will allow corporates to electronically post purchase orders, electronically post documents, have an engine that matches the documents against the purchase order and then through the banking system generate payment. I hope that that collaborative model evolves over the next five years into something that can be applied in any market around the world, with any bank, and provides real value added in terms of reconciliation and receivables management.

MS, Dyson Over the next five years the balance in world trade is going to change significantly. More western companies will be active in the BRIC [Brazil, Russia, India and China] markets and, perhaps more importantly, vice versa. Modest improvements in the way things are done in those markets and cross-border into and out of those markets produce more value than making quite hard-to-do, small improvements in more developed markets.

BI, ING Sepa will open the market and trigger a shake-out. Then a few banks in this big euro market will emerge as bulge bracket payment banks. Whereas now we use the term 'payments and cash management' in one sentence, I suspect that soon it'll be about 'payments', which is very operational, and 'cash management' which is a more consultative way of approaching clients. If you don't have the capacity to add hundreds of millions of payments a month, or a year, then you will not make it in the Sepa world.

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>
> Martyn Smith, Dyson

AH, Virgin We are clearly moving in the direction of further globalization. I would like to see the step change in real-time settlement, with straight-through processing. Straight from whatever platform you have, EBS, straight into ERP with the appropriate information to clearly identify payments and receipts thus making manual reconciliation history.

OL, Unilever More than new technological developments, I would like to see the full leveraging of the existing technology. I hope to see a breakthrough in the coming five years, with real time information, and more integration system to system, having as much trade information as possible to ensure STP.

NS, Citigroup Globalization will clearly accelerate, and if that is the premise, then the global companies need to have centralized control, consistency and visibility into their global cashflows. As these models evolve the treasury personnel need not be centralized in a single location. If our objective is to bring the physical and the financial supply chain together, you might start selectively putting the treasury people back in, say, the BRIC countries, so they can be in greater touch with the local supply chains but still allowing the company to exercise control and visibility centrally. Technology will be pervasive and that will lead to open standards. Organizations will become increasingly unbundled and that will lead to greater outsourcing. We are likely to see greater integration of the financial supply chain. Information services around cashflow forecasting, providing the analytics to the CFOs and treasurers so they can make optimum borrowing and investment decisions will be absolutely critical. I also think we will go through electronic media like digital signatures acceptance for account opening and that will throw out a lot more of the inefficiencies and reduce the documentation burden on the clients.

JL, J&W On that I'd just like to say thank you all very much. ■